



Fair Wear Foundation

Management system audit report

Manderley Fashion BV

28 October, 2010

FWF member since: 1 November 2009

Sources of information:

Database FWF

Annual report and work plan

Internal documents

Interviews with Dhr. J. Lohuis, Dhr. B. Lohuis, Dhr. W.J. Brinkhuis, Dhr. P. Timmerman

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Fair Wear Foundation

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1. Introduction

In October 2010 Fair Wear Foundation (FWF) conducted a management system audit (MSA) at Manderley Fashion BV (hereafter called 'Manderley'). The MSA is a tool for FWF to verify that Manderley implements the management system requirements for effective implementation of the Code of Labour Practices, as specified in the FWF Charter.

Starting point for the MSA has been the work plan for 2009-2010. FWF tailored the MSA to the specifics of the management system of Manderley in order to assess the key issues of interest. During the MSA, employees of Manderley were interviewed and internal documents have been reviewed.

FWF developed this report on the basis of findings collected during the MSA. The report contains conclusions, requirements and recommendations. If FWF concludes that the management system needs improvement to ensure effective implementation of the Code of Labour Practices, a requirement for improvement is formulated. The implementation of required improvements is mandatory under FWF membership. In addition, FWF formulates recommendations to further support Manderley in implementing the Code of Labour Practices. The numbering of the requirements and recommendations correspond with the numbers of the conclusions.

This report focuses on those aspects of the management system of Manderley that have been identified as key areas of interest for 2010. As FWF approaches the implementation of the Code of Labour Practices as a step-by-step process, it is well possible that MSA reports of subsequent years will focus on different aspects of the management system.

FWF will publish the conclusions, requirements and recommendations of all MSAs on www.fairwear.org. FWF encourages Manderley to include information from the MSA report in its social report.



2. Executive summary

Manderley has a purchasing approach which facilitates effective implementation of the FWF Code of Labour Practices. Manderley’s main supplier is based in Slovakia, which FWF identified as a low risk country. Manderley owns a 35% share in this company and has half the votes for decision making in the Slovakian enterprise. Manderley has a long standing relationship of approximately 20 years with its Slovakian partner.

Manderley places orders on the basis of standard minute values, which are specified and agreed beforehand of order placement. In case orders are delayed as a result of late delivery of fabrics or trimmings, Manderley and the factory are aware of this 6-12 weeks before the agreed order delivery date, which can often be solved by acting flexibly on inventory and shipping. Standard minute prices that are agreed between Manderley and the factory are periodically assessed between both parties.

Manderley management staff frequently visit the Slovakian factory for a directors meeting. During these meetings any issues pertaining to implementation of the Code of Labour Practices may be discussed. As the factory is based in a low risk country, no audit was carried out to monitor working conditions in the factory. Manderley did collect the ISO 9001 and 14001 certificates of the factory. Manderley has not undertaken activities to monitor working conditions at the factory in Macedonia where two small test orders were produced in 2009.

In 2009 and 2010 Manderley has been assessing potential new suppliers in Macedonia and China. A few test orders have been placed at these suppliers. Manderley is primarily assessing these suppliers on price and quality. In addition, the Slovakian supplier of Manderley is looking for a new production location in Ukraine. FWF recommends to assess the level of working conditions at potential new suppliers in China, Macedonia and other countries. It could be of added value to ask new potential supplier has been audited on behalf of other customers. Manderley is also recommended to keep FWF informed about potential new suppliers so FWF could assess if these factories are already producing for other member companies.

3. Positive findings

Conclusions

1. Manderley has a purchasing approach which facilitates effective implementation of the FWF Code of Labour Practices. Manderley’s supplier is based in Slovakia, which FWF identified as a low risk country. Manderley owns a 35% share in this company and has half the votes for decision making in the Slovakian enterprise. Manderley has a long standing relationship of approximately 20 years with its Slovakian partner.
2. Manderley has invested in training programmes for management and production staff of its Slovakian supplier. The company obtained financial support for these activities through the IPTA program of the Dutch government. Training activities were focused on sharing technical and management expertise.

4. Sourcing

<i>Conclusions</i>
<p>1. Manderley has a purchasing approach which facilitates effective implementation of the FWF Code of Labour Practices. Manderley’s main supplier is based in Slovakia, which FWF identified as a low risk country. Manderley owns a 35% share in this company and has half the votes for decision making in the Slovakian enterprise. Manderley has a long standing relationship of approximately 20 years with its Slovakian partner, and is the most important customer of the factory. This factory represented 98% of the purchasing volume of Manderley in 2009.</p> <p>2. Manderley places orders on the basis of standard minute values, which are specified and agreed beforehand of order placement. In case orders are delayed as a result of late delivery of fabrics or trimmings, Manderley and the factory are aware of this 6-12 weeks before the agreed order delivery date. In such cases, which are seldom, the customer is informed that the order may be shipped at a later moment. This can often be solved by acting flexibly on inventory and shipping. Standard minute prices that are agreed between Manderley and the factory are periodically assessed between both parties. Wages in the Slovakian factory wages for a forty hour working week are on par with the legal minimum wage.</p> <p>3. In 2009 and 2010 Manderley has been assessing potential new suppliers in Macedonia and China. A few test orders have been placed at these suppliers. Manderley is primarily assessing these suppliers on price and quality. In addition, the Slovakian supplier of Manderley is looking for a new production location in Ukraine.</p>

<i>Recommendations</i>
<p>3. FWF recommends to assess the level of working conditions at potential new suppliers in China, Macedonia and other countries. It could be of added value to ask new potential supplier has been audited on behalf of other customers. FWF has developed a guidance checklist, supporting companies to assess the quality of existing audit reports on factories. This checklist can freely be downloaded from the FWF website. It would be good to keep FWF informed about potential new suppliers so FWF could assess if these factories are already producing for other member companies. If this would be the case Manderley could support existing processes to monitor and improve working conditions while placing orders at a new supplier.</p>

5. Coherent system for monitoring and remediation

<i>Conclusions</i>
<p>1. Manderley management staff frequently visit the Slovakian factory for a directors meeting. During these meetings any issues pertaining to implementation of the Code of Labour Practices may be discussed. As the factory is based in Slovakia, which is regarded by FWF as a low risk country, no audit was carried out to monitor working conditions in the factory. Manderley did collect the ISO 9001 and 14001 certificates of the factory.</p>

2. Manderley has not undertaken activities to monitor working conditions at the factory in Macedonia where two small test orders were produced in 2009.

Recommendations

2. If the relationship with the Macedonian supplier is to be continued, it could be of added value to ask if the supplier has been audited on behalf of other customers.

6. Complaints procedure

Conclusions

1. Manderley has a designated person to handle complaints filed by employees of suppliers.
2. To date FWF has not received complaints from workers of suppliers of Manderley.
3. The Code Of Labour Practices including contact information of FWFs local complaint handler is not posted in the workplace of suppliers of Manderley as FWF did not provide the translated version of the Code of Labour Practices in all of the local languages.

Recommendations

3. FWF will provide a translated version of the Code of Labour Practices for Slovakia, Macedonia and China to Manderley. It is recommended to let purchasing and quality staff check during visits to the factory if the Code of Labour Practices is posted and to take pictures to prove that the document is posted in the workplace in an area which is freely accessible to workers.

7. Improvement of labour conditions

Conclusions

1. FWF did not draw up an overview of labour conditions in factories producing for Manderley as its Slovakian supplier (representing 98% of its purchasing volume) is based in a low risk country and its Macedonian supplier (representing 2% of its purchasing volume) had not yet been audited.

8. Training and capacity building

Conclusions

1. Manderley staff is sufficiently aware of the implications of FWF membership.
2. Manderley has invested in training programmes for management and production staff



of its Slovakian supplier. The company obtained financial support for these activities through the IPTA program of the Dutch government. Training activities were focused on sharing technical and management expertise.

Recommendations

1. FWF recommends Manderley staff who are in the process of assessing potential new suppliers to participate in FWFs training session for member companies. FWF will carry out such training sessions at its office in Amsterdam from January 2011 onwards.

9. Information management

Conclusions

1. Manderley has submitted an accurate supplier register to FWF on 2009. Verification of the overview of invoices of paid order deliveries pointed out that Manderley has placed two small orders at a new supplier in Macedonia to test a new supplier. In total, orders at this supplier represented 2% of Manderley´s total purchasing volume for 2009.
2. Manderley has a procedure for collecting information from suppliers with regard to production locations and contact persons.

Recommendations

1. It is recommended that Manderley includes any supplier where samples or test orders are being produced into the supplier register. If FWF is kept informed about potential new suppliers of Manderley, it can check in its supplier database if this factory already produces for another FWF member and if it has already been audited on behalf of other companies.

10. Transparency

Conclusions

1. Manderley communicates its FWF membership through placing the FWF logo prominently on its corporate website. The website does not provide further information about FWF or Manderley´s approach to implement FWF membership.
2. Manderley places the FWF logo on the washing labels of the clothing which it produces.

Requirements

2. Manderley cannot use the FWF logo on the washing label of products that are sold to



customers under private label, when it is not explicitly stated that Manderley is a member company of FWF. FWF companies must refrain from making any claims implying a connection between FWF membership and the characteristics of a specific product, as FWF is not a product label.

Recommendations

1. It is of added value to describe Manderley's FWF membership in short on the corporate website. Manderley could state that it sources from Slovakia, which FWF regards as a low risk country. FWF could be referred to as an independent multistakeholder initiative that verifies if companies are implementing the FWF Code of Labour Practices. FWF's manual for affiliates provides further guidance on this topic. This document can be downloaded freely from www.fairwear.org.
2. On demand FWF could provide further information on its approach, which could be of added value to sales staff of Manderley.

11. Management system evaluation and improvement

Conclusions

1. The management team of Manderley has an annual directors meeting with top management of its main supplier. Topics which need to be evaluated in context of FWF membership would be discussed on this occasion.
2. Manderley does not yet receive feedback from customers with regard to its FWF membership.

Recommendations

1. FWF encourages Manderley to evaluate FWF membership on an annual basis to assess if its practices are (cost) effective. Input from product management, sales staff and suppliers could be of added value for this process. FWF recommends that minutes of meetings during which the process of improving working conditions is discussed be kept, in order to have an overview of decisions and planned activities.

12. Basic requirements of FWF membership

Conclusions

1. Manderley has paid its membership fee for 2009 and 2010.
2. Manderley has submitted a work plan for 2009 and 2010.



13. Recommendations to FWF

<i>Recommendations</i>
<ol style="list-style-type: none">1. Manderley recommended FWF to contact several of its customers to assess if they are interested in FWF membership.2. Manderley would like to share its supplier list with other FWF members and is interested to participate in a shared supplier register which is open to FWF member companies.